

Minutes of the Finance Committee

Wednesday, February 16, 2011

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl (Chair), Ted Rolfs, Bill Zaborowski, Jim Heinrich, and Pamela Meyer. Dave Falstad arrived at 8:35 a.m. and Rolfs left at 11:50 a.m. **Absent:** Rob Hutton.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, County Board Supervisor Jean Tortomasi, Clerk of Courts Kathy Madden, Business Manager Bob Snow, Sheriff Dan Trawicki, Jail Administrator Mike Giese, Business Manager Lyndsay Johnson, Inspector Steve Marks, Deputy Inspector Eric Severson, Parks System Manager Duane Grimm, Principal Financial Projects Analyst Bob Ries, Accounting Services Manager Larry Dahl, Heather Acker of Baker Tilly Virchow Krause LLC, Internal Audit Manager Lori Schubert, Treasurer Pam Reeves, Public Works Director Allison Bussler, Business Manager Betsy Crosswaite, Andrew Johnson and Robert Johnson of Waukesha Metro Transit, Tom Dieckelman Of Wisconsin Coach Lines, and Legislative Associate Mary Pedersen.

Approve Minutes of 1-25-11 (2 sets)

MOTION: Heinrich moved, second by Zaborowski to approve the minutes of January 25. Haukohl asked that an addition be made to the minutes under "Executive Committee Report." Motion carried 5-0 as amended.

MOTION: Heinrich moved, second by Zaborowski to approve the joint meeting minutes of January 25. Motion carried 5-0.

Schedule Next Meeting Dates

- March 2 and 16

Chair's Executive Committee Report of 2-14-11

Haukohl highlighted the following items discussed at the last Executive Committee meeting.

- Heard an update on information technology projects including computer aided dispatch system replacement, tax system replacement, cashiering, asset management, and workforce management.

Falstad arrived at 8:35 a.m.

- Reviewed the Internal Audit plan for 2011 through 2013. The Central Fleet and Consolidated Dispatch audits will be contracted out to outside auditors. The committee also approved the scope for Treasurer and County Clerk audits.
- Passed an ordinance to change the Tarmann Fund to a total expenditure fund to include operating costs for land purchases.
- Discussed reducing the size of the County Board. The resolution to remain a 25-member board was approved 7-0.

Contract Procurement Process for Courts Technology, Design, and Install Services to Update and Integrate Courtroom Technology

Madden advised the contract was awarded to ExhibitOne, the highest rated proposer, for a total contract cost of \$18,348 for Phase I design. A total of four vendors had submitted RFP's for consideration. To answer Haukohl's question, Madden advised about \$35,000 was budgeted for design and \$7,000 was spent on the first vendor who we are no longer doing business with. Approximately \$950,000 remains for this project (\$991,000 total) and is targeted for purchase, install, and related services necessary for a fully integrated system.

MOTION: Rolfs moved, second by Zaborowski to approve the contract procurement process for Courts technology Phase I design. Motion carried 6-0.

Ordinance 165-O-089: Approve Acquisition Of The Anchor Bank Property In The Town Of Mukwonago

This ordinance was tabled at the February 15 Land Use, Parks & Environment Committee.

Ordinance 165-O-097: Accept Homeland Security Urban Area Initiative FY 2010 Program Funding And Modify The Sheriff's Department 2011 Budget To Appropriate Grant Revenues, Seized Fund Revenues, And Expenditures For An Armored Vehicle

Trawicki, Severson, and Johnson discussed this ordinance which involves accepting \$200,000 in federal grant funds and appropriating \$60,000 of seized funds (asset forfeiture) to purchase and equip an armored vehicle to replace the current 1980 model. Ongoing 2011 operating costs are estimated at approximately \$2,000 for fuel and vehicle maintenance costs. Insurance costs in 2011 are estimated at \$3,675. These costs will be funded from within the Sheriff's operating budget, same as with the current vehicle. Staff indicated they have experienced high vehicle maintenance costs due to the age of the current vehicle. Post purchase, Trawicki noted the Asset Forfeiture Fund will have a balance of about \$155,000.

To answer Rolf's question, Trawicki said the vehicle goes out on almost every tactical call, approximately once per month. Meyer asked how many people can fit in the vehicle to which Severson replied eight. Heinrich asked about its lifespan and will it be able to adapt to technology changes. Trawicki said it will be adaptable but it depends on the technology and what might be coming in the future – we just don't know. The vehicle should last 20 to 30 years and he noted it is not going in the Vehicle Replacement Plan because it is too expensive.

MOTION: Heinrich moved, second by Zaborowski to approve Ordinance 165-O-097. Motion carried 6-0.

Ordinance 165-O-098: Amend 2011 Sheriff's Department Budget For The Expenditure Of Seized Funds To Participating Agencies In February 2011

Trawicki advised this ordinance authorizes the Sheriff's Department to transfer \$18,489 in forfeited assets (seized funds) to the following police agencies that participate in the Metro Drug Unit: City of Waukesha (\$6,563), City of New Berlin (\$3,281), City of Brookfield (\$3,281), Village of Menomonee Falls (\$3,281), City of Muskego (\$656), Village of Hartland (\$616), Village of Pewaukee (\$616), and the City of Pewaukee (\$195). Trawicki added that this distribution is done annually via ordinance. Johnson noted this total (\$18,489) is included in the \$155,000 fund balance discussed above.

MOTION: Falstad moved, second by Heinrich to approve Ordinance 165-O-098. Motion carried 6-0.

Year-End Investments Report

Ries discussed his report as outlined which included information on investment yield, investment revenue, average daily balance, total County investment income, investment portfolios, portfolio holdings, etc. The total return for the quarter was down three basis points from the last quarter, to 0.71%. While there was a large reduction in realized gains on security sales from the third quarter (\$484,954), the reduction was partially offset by an increase due to the correction of an error in the interest accruals on the Treasury Inflation Protection (TIP) securities in the Dana portfolio (\$47,788). Without any gains in either quarter, the total return would have increased by 16 basis points. Total interest earnings for the quarter were \$1,100,522, down \$458,875 from the third quarter with the decrease due to lower yields present in the market, among other factors.

MOTION: Heinrich moved, second by Zaborowski to accept the year-end investments report. Motion carried 5-0. Meyer was absent for the vote.

Annual Report on Interest Allocations

Ries reviewed his report entitled "Summary of Current Interest Allocations" which included information on where the money was allocated to, authorization (federal law, ordinance, etc.), and rationale. He also reviewed "Analysis of Investment Income and Allocations Fiscal Year 2010." In 2010, the majority of the investment income was allocated to the Point of Service/Health Insurance Fund, jail assessment fees/unexpended revenues, Risk Management/cash balance, Tarmann Fund/cash balance, Golf Course Fund/cash balance, Clerk of Courts, Debt Service, and Capital Projects. The Treasurer's net 2010 income totaled \$4,652,668 and a total of \$847,050 was allocated to various funds/areas.

MOTION: Heinrich moved, second by Falstad to accept the annual report on interest allocations. Motion carried 6-0.

Ordinance 165-O-099: Transfer Carryover Funds From 2010 Unexpended Appropriations To 2011 Budgeted Appropriations

Dahl, Ries, Schubert, and Shaver were present to discuss this ordinance which included information on account/program, amount approved, project, and justification. The ordinance authorizes the transfer of carryover funds totaling \$4,892,002 from 2010 unexpended appropriations to 2011 budgeted appropriations. Copies of revised page 12 were distributed relating to Community Development Block Grant. Changes were made to the "Amount Approved" section for the Emergency Assistance Program for clarification purposes. Rolfs asked that future ordinances include a monetary subtotal for each department. Haukohl agreed and Dahl advised this information would be included.

MOTION: Heinrich moved, second by Rolfs to approve Ordinance 165-O-099. Motion carried 6-0.

2010 Audit Planning

Acker explained their responsibilities as external auditors which include an independent review of the County's Comprehensive Annual Financial Report (CAFR) and validate the information contained in the report. Additionally, a report on internal controls is prepared to advise if there

were any internal control weaknesses that rise to a level of significant deficiency which could cause these numbers to be misstated. If so, they go into the report on internal controls. Acker said there have not been any in quite some time. They would also inform the County if they made any suggested material changes to this document. Again, Acker noted there have not been any of those in many years. Administration staff are also informed of account issues that may not be significant but could use some adjustment. Acker said to be more visible, as previously recommended by the Finance Committee, Baker Tilly staff visited four departments last year to review procedures and controls and provide recommendations if needed. To date, some of these departments have made some changes and some have not. Administration and Internal Audit staff are made aware of these so they can follow-up if necessary. Additional departments have been added to the rotation this year and Acker noted this is going well.

Haukohl did not feel external audit results need to be agendized annually unless there are major concerns that would be of interest to the Finance Committee. Acker welcomed feedback from the committee on anything they believe may warrant special attention and Baker Tilly staff will follow-up on them. To answer Haukohl's question, Acker clarified that the purpose of the financial audit is to issue an opinion on the CAFR. As part of their procedures in figuring out how they will develop their strategy for testing that, they do look at controls which Acker characterized as a bi-product of the CAFR review.

Final Report on In-Rem Foreclosure Actions

Reeves distributed copies of her report entitled "Properties Acquired by Waukesha County in 2010 through Foreclosure of 2006 and Prior Years' Taxes" which included information on tax key number and description or location, assessed or appraised values, and auction sale price and profit/loss (if applicable). Reeves indicated in July, the County went to court with judgments against the final 21 properties that still had not paid 2006 property taxes. After that, owners have 60 days to pay all years' taxes and penalties and still get their property back. Seven of the owners did come in and do just that. Fourteen properties remained and are included in her report. Three properties were sold at auction in January 2011, three were sold to their respective municipality at the County's cost, seven did not sell at auction and will remain for sale at the appraised value, and one still needs an appraisal. This property will either go to auction in early 2011 or it will remain with the mortgage company that foreclosed on it. Reeves said she will provide an update in the spring.

MOTION: Heinrich moved, second by Falstad to accept the final report on In-Rem foreclosure actions. Motion carried 6-0.

Ordinance 165-O-095: Modify The 2011 Department Of Public Works Budget For Traffic Mitigation Work Related To The I-94 E-W Freeway State Repaving Project (State Project I.D. 1060-32-90)

Bussler, Crosswaite, R. Johnson, and A. Johnson discussed this ordinance which modifies the Public Works Department's 2011 adopted budget by \$581,715 for traffic mitigation efforts related to the WisDOT I-94 repaving project to begin this year. The ordinance increases the Transportation Fund-Transit Service Program budget General Government Revenues by \$431,715 and appropriates expenditures of \$431,715. The ordinance also increases the General Fund- Traffic Control Program budget General Government Revenues by \$150,000 and appropriates operating expenditures of \$132,500 and personnel expenditures of \$17,500. Funds will be used towards increased bus hours, personnel costs, and operating costs.

Bussler noted that this is 100% funded by the state and is a reimbursement for funds the County expends. A. Johnson said this is a win-win and Waukesha Metro will function as the pass-through agency for the money but they will get credit for all rides which applies to future funding.

MOTION: Rolfs moved, second by Zaborowski to approve Ordinance 165-O-095. Motion carried 6-0.

Review and Update the Finance Committee's Future Agenda Items List

The committee reviewed the future agenda items list.

Legislative Update by S. Spaeth

Spaeth distributed copies of her 2011-2012 State legislation chart which included information on bill number, subject, County position, and status. Spaeth said it sounds as though Republicans have enough votes and the budget repair bill will be passed later this week. Governor Walker is currently giving a press conference on the bill.

A public hearing is being held today on SB 15 to repeal duplicative traffic stop data/racial collection. Spaeth noted this bill is supported by Sheriff Trawicki.

Rolfs left the meeting at 11:50 a.m.

Spaeth advised the State budget will be released February 22 and we will probably have it analyzed by the end of March.

Future Agenda Items

- Review the Collections Process (Zaborowski)

MOTION: Falstad moved, second by Zaborowski to adjourn at 11:51 a.m. Motion carried 5-0.

Respectfully submitted,

Pamela Meyer
Secretary